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Main framework for developing Sharia economic Fiqh: A contemporary Islamic law reform perspective

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Abstract

This study aims to provide an in-depth analysis of the practical application of Islamic Fiqh principles, particularly in contemporary legal contexts. It focuses on how these principles are implemented in modern legal rulings, ensuring the relevance of classical Islamic Fiqh within the Sharia system upheld by society and the state. The research does not trace the historical evolution of authentication practices, nor does it assess the validity of rulings or the chronological development of Islamic Fiqh. The study employs an analytical approach to examine the extent to which methodological principles of Islamic Fiqh are applied in contemporary legal cases. It does not delve into historical authentication practices or the chronological evolution of Islamic Fiqh but instead focuses on the practical implementation of these principles in resolving modern legal issues. The findings highlight the crucial role of Islamic Fiqh principles as a framework for developing modern legal methodologies. The study demonstrates how these principles continue to guide contemporary legal rulings and ensure the applicability of classical Islamic jurisprudence in the current Sharia-based legal system.

Keywords: Economy, Fiqh, Sharia, Industry, Law, Reform.

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1. Introduction

In the modern state, the shifting position of Sharia is posing significant challenges for contemporary jurists, who are tasked with addressing evolving developments through the rulings of Islamic Fiqh. The mechanisms of Islamic Fiqh serve as foundational pillars that facilitate *ijtihad* and the exchange of opinions among various schools of thought. These mechanisms, which may have been constrained in earlier periods, aim to show the Sharia's relevance in the present era and the ability to meet contemporary demands while restoring the authentic position.

This study examines the new mechanisms of Islamic Fiqh and their implementation, focusing on examples from the fields of economics and industry, which are among the areas most affected by modern transformations. The examples outline the nature of Fiqh practices, exposing a disconnection between the logical application of Islamic Fiqh and the adaptation to

current needs. This disconnection presents significant challenges, as modern and Islamic jurists have considered the application of certain Fiqh currents to be impractical in addressing contemporary issues. The complexities of these changes often create dilemmas, such as responding to modern demands by compromising Fiqh rules, which risks undermining Sharia's influence on individuals' lives, while opposing the demands might render Islamic laws ineffective.

The sources of Islamic Fiqh are also examined from the medieval to the contemporary period as a literature study with a qualitative analysis pattern based on deduction following the conditions mentioned. The evolution of Islamic Fiqh is closely related to many social, political, and economic factors that periodically shape the trajectory of Islamic law thought and practice. This is an important field of study for modern Islamic Fiqh, as the analysis offers insight into the evolution of Islamic law thought and the response to changing social, political, and economic contexts. Despite the level of success achieved by jurists in formulating contemporary Islamic law decisions that correlate with the modern era and the classical Islamic Fiqh system, the jurists have made considerable efforts to adapt modern Islamic Fiqh to the needs of the present era rather than trying to adapt the era to the requirements. This process further provides evidence of the considerable theoretical capacity and secularism inherent in Islamic Fiqh, which allows Islamic jurists to engage with the modern world.

Contemporary Islamic jurists face significant challenges through several mechanisms, and the most prominent is the principle of the main pillar of Islamic Fiqh. These principles address evolving issues and form the core of scholarly endeavors. The central task is to determine how these mechanisms can be applied and to what extent the task fulfills its purpose. These efforts aim to ensure the sustainability of classical Islamic Fiqh within the Sharia system embraced by society and the state. Furthermore, they seek to guide adherents, preserving religious beliefs while validating the relevance of Islamic Fiqh in contemporary times, as it was during the classical era.

2. Literature Review

The radical changes in lifestyles in the late nineteenth century in the Islamic world created an urgent need for jurists to address the transformations taking place in the legal system. These changes were triggered by the collapse of the Ottoman Islamic Caliphate and the evolution of a significant cultural and intellectual gap between the Islamic and the modern Western world [1]. Furthermore, the evolving position of the Sharia required further study. In public life, the question of the continued relevance of Islamic law in the modern era became a subject of significant debate. In response to this challenge, the evolution of legal activities was followed by specialized institutions. These efforts began with the introduction of traditional studies and formal education in Islamic law through Scientific Academies, Higher Education Institutions, and specialist Sharia education institutions, including traditional Pesantren education centers [2].

Regardless of the extent to which jurists succeeded in shaping contemporary Islamic law to suit the modern world, the jurists worked tirelessly to adapt Islamic law to the needs of the era. This was done rather than attempting to adapt the era to the requirements of Islamic law [3]. Served as evidence of the significant theoretical capacity and inherent secularism in Islamic law, enabling jurists to engage with the complexities of the modern world.

Contemporary Islamic jurists faced important challenges through several mechanisms, the most prominent of which included the foundational principles of Islamic Fiqh. These principles addressed evolving issues and formed the basis of scholarly studies. The challenges revolved around analyzing methodological mechanisms and assessing the fulfillment to ensure the continuity of classical Islamic Fiqh within the Sharia system adopted by society and the state [4]. These efforts aimed to provide guidance for adherents, sustain compliance with religious law, and demonstrate the validity in the modern era while maintaining consistency with classical methods.

The purpose of this study was not to evaluate the legitimacy of decisions rendered through these mechanisms in Islamic law, nor to examine the historical development of the processes that formed the basic framework of contemporary Islamic law. However, the study focused on the practical application of the mentioned framework as a systematic mechanism and on explaining how it could be actualized. Despite differing opinions on Islamic law's conclusions and agreements, some jurists adopted a pluralistic method. The study centered on a particular pattern of practice within Islamic law, which represented a prominent and widespread tendency. Furthermore, the tendency remained one correlation among several others, and studies related to the specific pattern of practice did not extend beyond it.

The objectives of the study were based on a two-level analytical framework. The first level examined the objectives of contemporary Islamic jurists concerning the main pillars of Islamic law and assessed the extent to which these objectives had been achieved compared with actual outcomes. These objectives were not confined to any single jurist but were shared among several scholars and broadly accepted by others. The objectives were categorized into two main areas, namely (a) accommodating developments in the Sharia system by identifying appropriate rules, as well as (b) demonstrating the flexibility and validity of Sharia in the modern era. The second level of analysis evaluated the extent to which these outcomes conflicted with the logic of Islamic law and assessed the compatibility with the values and systems of the modern world.

The concerns of contemporary Islamic jurists and *Fuqaha* were studied across a timeline extending from the late 19th century to the present. Although the term "main pillars of Fiqh" evolved as elaborated in the study, many modern applications of Islamic law could be traced back to these foundational principles. The term consistently served as a framework for expressing the modern methodological mechanisms used to produce subsequent legal rulings. However, this study did not address the historical development of subsequent authentication practices in the examples or the chronology. The study concentrated on analyzing the practice, focusing on the application of Islamic law rather than the historical development of these practices. It also considered the broader chronology of the origins and development of these practices where relevant.

3. Methodology

This study examined Islamic Fiqh sources from the Middle Ages to the contemporary era through a literature review using a qualitative deductive analysis method. The primary data were derived from classical Islamic Fiqh texts and works from the Middle Ages, as well as texts focused on current patterns of Islamic Fiqh practice. These patterns represented issues with prominent and widespread tendencies. Secondary data were obtained from study results published in journals and other credible sources. The primary aim was to accommodate the development of the Sharia system by identifying appropriate Sharia rules and demonstrating the flexibility and validity of Sharia in the modern era. Additionally, the study tested the extent to which the outcomes of these practices correlated with or contradicted the logic of Islamic law and the compatibility with the values as well as the systems of the modern world.

The new mechanisms of Islamic Fiqh and the implementation were also analyzed, focusing on areas such as business which were most significantly affected by transformative changes both real and influential in daily life. These examples showed the nature of Fiqh practices, outlining the erosion of logical frameworks in regulating Islamic Fiqh and the adaptation to contemporary demands. Although this practice was prevalent among other Fiqh currents, numerous challenges were identified, including difficulties expressed by experts in both classical and modern Fiqh. These challenges were compounded by the dilemmas inherent in addressing the complexities of the transformative changes faced by Islamic law.

4. Result

The term 'legal framework' evolved in the second half of the 20th century, as it had not previously been used in the study of Islamic law as a methodological mechanism. The classical schools appeared to have played a significant role in the development and standardization. This process was performed in a manner that allowed the application of Islamic law with the necessary rigor and caution in deduction and inference. Initially, the *Fuqaha* of the classical and modern schools were included in the debates on Islamic law. These debates reflected the origins of the term 'law' as it came to be understood.

The main principle of Islamic law represented a systematic concept designed to identify the fundamental sources or root causes of Islamic law rulings. This principle was then used to address issues that were not explicitly discussed in specific chapters or lacked a direct origin. It aimed to formulate legal decisions on the issues in question while preserving the moral realm of the Sharia as a distinct entity. The boundaries of this moral domain were delineated by distinguishing between branches and shared moral foundations. The Sharia, referred to by the jurist al-Darini as "legislative unity," represented the general legislative logic and the unity of the foundational principles of the Islamic law system [5]. In other words, the origins of Fiqh were tied to the collective legal determination within the framework of the main pillars of the Islamic Sharia system and the logic.

The term "main framework" was used to clarify a concept correlated with the newly introduced term for conditioning the law. This term was derived from concepts such as characterization, qualification, or classification of law Lorenzen [6] initially translated by early Egyptian legal scholars and later approved by the Arabic Language Academy in Cairo [7]. It was further translated as "legal specification," which subsequently became a specialized term. However, this term was rarely used in the study of Islamic law. Although the exact origin remained unclear, it seemed reasonable to suggest that some jurists attempted to establish a connection between the conditioning process and Islamic law principles. This explained why the term signified the methodological tools required for the application.

Some jurists and scholars specializing in Fiqh used terms such as "the framework of the main pillars of *ijtihad*" or "the framework of the main pillars of Islamic Fiqh [8]". In some cases, the term "realization" was also used, which was rooted in fundamentalism and was found in "*Mabāhiṣ al-ʿIllah wa al-Taʿlīl*" [9]. Considering the discovery, it appeared more appropriate to treat thematic Fiqh and Fiqh thought as a unified concept in the present era.

The term in question was often confused with other concepts in Islamic law. For instance, it was conflated with the concepts of branches (*furu*) and subordination, which derived decisions from foundational processes. This method was categorized within the domain of analogy or doctrinal *ijtihad*, intended to correlate branches with the origins. The concept was exemplified in the famous legal text by Siḥabuddīn al-Zanjānī al-Shāfiʿī (d. 656 AH). This framework leaned toward the idea of *al-takhrīj al-fur* 'ala al-aṣūl, a legal product developed within a specific school of thought. The method was a tool for deriving rulings and was largely sectarian in nature. The origin was also embedded in the derivative legal products of Islamic *Fiqh* [10]. Simultaneously, the process included merely adding branches to pre-existing origins within Islamic Fiqh, often finalized through the mechanism of *al-Qiyas* (analogy).

The main framework of Islamic law was also prone to misinterpretation due to its subordination or derivative roots. This arose from the necessity of partial compliance and rulings addressing contemporary issues, ensuring the continued relevance of Fiqh. The concept of *nawāzil* or subordination dealt with evolving matters and was particularly relevant among Moroccan Maliki jurists [11]. In contrast, hypothetical Hanafi Fiqh addressed provisions based on assumptions and predictions. Casuistic Fiqh tackled new issues without prior Fiqh rulings, regardless of their origins. This approach utilized Fiqh principles, the rules of *uṣūl al-fiqh*, and the Sharia. The concept of "danger" reflected developments in modern Islamic law that transcended sectarian doctrines, demonstrating the flexibility beyond traditional boundaries.

Traditional legal methods relied on doctrinal systems, while modern law extends beyond these systems to identify appropriate responses to new facts and developments. Modern Islamic law is built upon the *Fiqh* of classical schools of thought while continually seeking solutions for contemporary challenges. The process of defining the framework includes several elements, including (1) considering new facts not addressed in classical Islamic law, (2) evaluating the appropriate Islamic law sources in relation to the existing facts, (3) establishing doctrinal characterizations to be categorized as a main pillar and further protected, as well as (4) formulating laws and norms based on the recommendation of legality as branches of Islamic law.

To achieve this objective, Islamic law practitioners employed various tools and techniques, focusing especially on the interpretation and objectives of the Sharia. These methodological tools formed the foundation of the particular mechanism. Two factors were crucial in this process. First, the jurists' understanding of events, orientations, and intellectual convictions played a significant role. Second, the technical aspects, which were the primary focus of the analysis, were equally important. The essential task included examining how Islamic jurists addressed modern challenges. This required a detailed analysis of specific issues and conditions, particularly when applying discretionary mechanisms. This process was fundamental to determining the framework of the main pillars of modern Islamic law.

Modern Islamic law provides many examples of the application of this mechanism. Consequently, the entire system of life underwent a significant transformation with the Islamic world and Muslim societies no longer resembling the earlier forms. Contemporary Islamic jurists were tasked with comprising all these developments within Fiqh rulings, aiming to harmonize Sharia principles, tenets, and the logical system with constructive engagement in the modern era. The Sharia faced continued marginalization and isolation from public life without these efforts, compelling contemporary jurists to accept the responsibilities imposed by modern state systems.

The field of contemporary Islamic law was vast and diverse, prompting the challenge in providing a comprehensive overview of the main issues. Among the various domains, the fields of economics and industry stood out as those experiencing the most radical transformations. This did not imply that other areas had not undergone significant changes, but the shifts in economics and industry were more pronounced. The dissolution of traditional regime systems and the evolution of political state authorities rendered the traditional Islamic law framework in the economic field increasingly inadequate. The diversity of economic systems and the codification of the values and principles in all Islamic law since the advent of modern governance further outlined this inadequacy.

In contrast, a global economic system evolved based on concepts such as banks, businesses, and industries, which were completely different from the systems previously in force, or a minimum from those recognized under traditional Islamic law. This posed a significant challenge to Islamic law and the jurists, necessitating an extraordinary development of legal frameworks alongside the establishment of robust methodological mechanisms and tools. The measures were essential for Islamic law to reconstruct comprehensive legal chapters that would enable it to navigate the new political and financial systems, including operating without reliance on interest or *usury* [12].

Considering the comprehensive nature of the critique presented in this area of Islamic law, requiring significant effort and time, this study could not examine a few important examples from various perspectives. Although these examples provided insights into core issues, the analysis could not yield definitive conclusions. Furthermore, these instances offered an opportunity to evaluate the explanatory power of selected examples in isolation. Other studies were expected to provide further verification and evidence of the validity of these results.

4.1. Key Pillars in Economics: Islamic Fiqh for Business and Finance

The contemporary economic landscape underwent a rapid transformation, with sophisticated companies and sectors evolving at an unprecedented pace. This included the banking and financial services sectors, which created a pressing need for clarity and certainty in Islamic Fiqh to determine the legality and validity of financial products. However, traditional Islamic Fiqh contained limited provisions addressing the complexities of the financial services sector, prompting the law to be insufficient for modern needs. The modern Islamic law was further tasked with developing new rules to evaluate and approve financial instruments such as shares, bonds, investments in joint venture capital, and other innovative financial instruments. These efforts were aimed at ensuring the Islamic finance industry adapted to the evolving global economic environment.

This discussion extended beyond issues documented in classical *Fuqaha* texts, addressing contemporary matters arising in financial transactions. Clear explanations of these issues were necessary to help individuals understand the rules of permissibility, prohibition, and harm. The clarity allowed individuals to regulate their affairs and transactions in compliance with Sharia. Classical Fiqh schools' opinions were discussed by attributing views to the sources, avoiding reliance on secondary interpretations. Furthermore, statements were supported by evidence from the proponents and were evaluated using principles of legal reasoning. Arguments were presented, evidence was weighed, and conclusions were drawn when sufficient analysis was available, which further emphasized originality and objectivity.

4.1.1. Legality of Buying and Selling Debt Financial Instruments

Islamic law historically recognized the *dinar* and *dirham* as exchange mediums during its early years. These terms referred more to the weight than to a specific currency. The concept of the *dinar*, for instance, was applied during the Prophet's lifetime, signifying any weight equivalent to one unit. Although modern banknotes share similarities with earlier coins as credit money with higher exchange rates than the intrinsic value, legal regulations governing coinage do not apply to modern banknotes. In contrast to earlier coins, which often contained traces of gold and silver, contemporary banknotes lack intrinsic metal content and are considered legal tender. Therefore, the historical relationship between gold, silver, and modern banknotes is deemed invalid under current Islamic law frameworks.

A significant shift in the role of money had evolved from being used primarily for simple transactions to being the dominant medium of exchange. This change led to all goods and services being valued in relation to money. Islamic jurists expressed differing views on the legal status of money. One group of scholars asserted that the legal ruling on money depended on the origin and source, concluding that interest (*usury*) and the obligation of *zakat* did not apply. Another group considered the functions of money, arguing that it fulfilled legitimate monetary functions and should therefore be subject to

Sharia monetary law. After examining these arguments, the author found the perspective of the second group that money was subject to Sharia monetary law more persuasive [13].

In Islamic finance, the term “haram money” refers to financial instruments prohibited by law from being acquired or used. This included currencies or financial instruments deemed harmful or unlawful, as well as funds obtained without authorization or through exploitation of ownership positions. Unlawfully acquired funds were not considered permissible to retain and had to be returned to the rightful owners. Contracts for loans intended for purposes other than consumption were also deemed impermissible. Borrowers were expected to use loans strictly for consumption to fulfill their needs and repay the lender with appropriate compensation. Therefore, the loan contract applied solely to consumption-related purposes, not for other uses.

The terms “debt” and “loan” were often used interchangeably, though they carried subtle but important distinctions. Debt refers to a financial obligation with a fixed term, wherein one party transfers ownership of an asset to another for a specified period before re-lending it to the original owner. In contrast, a loan was a financial obligation with no fixed term. In Islamic teachings, it was considered unjust for debtors with financial means to delay repayment. Repayment on time was expected to maintain trust in lending and prevent harm to individuals, society, and the economy. For those unable to repay their debts, Islamic teachings provided solutions such as financial consideration, debt postponement, or even cancellation [14].

The practice of buying and selling debt instruments became common in capitalist financial markets, including discounting bills of exchange, auctioning government bonds, trading investment certificates, debt obligations, and commercial paper. Some Islamic jurists misinterpreted the permissibility of buying and selling debt instruments based on the teachings of certain scholars [15]. It was therefore essential to clarify the religious ruling on this matter and review juristic opinions. The majority of scholars agreed that buying and selling debt instruments for repaying debts was haram. This view, supported by Imam Ahmad ibn Hanbal, held that these transactions were impermissible. However, exceptions existed, such as *salam* contracts with deferred capital or contracts including excessive pricing. Maliki scholars permitted certain debt-for-debt transactions, a position supported by prominent figures such as Ibn Taymiyyah and Ibn Qayyim [16]. This discussion did not provide a detailed analysis of the transactions but focused on the specific issue.

4.1.2. Legality of Capital Investment in Joint Stocks

Ethical considerations regarding stock trading, especially within the context of Islamic law, became a significant concern due to the increasing prevalence of stock transactions on Islamic stock exchanges. Many brokerage firms engaged in securities trading without addressing the moral implications of the practices, particularly concerning interest. Despite this engagement, there was growing public awareness of Islamic stock exchange regulations, which operated in accordance with Sharia norms. These exchanges adopted various regulatory frameworks, enabling participation by brokers and dealers handling Sharia-compliant financial instruments. The sale of shares, the profits generated through Sharia-compliant means, and the use of the profits were matters of public interest. Debates persisted about whether investments in companies that engaged in Sharia-compliant activities but took *usury*-based loans could truly be classified as Sharia-compliant.

Stock trading has evolved beyond the domain of company founders, becoming a widely traded financial instrument in global markets, including stock exchanges. The legitimacy of stock transactions, particularly investments in shares of local or international companies within the Islamic world, depended on the absence of *usury*. A key challenge for Islamic law, particularly in Indonesia, arose from the existence of conventional financial systems that facilitated the establishment of companies but often violated Islamic law principles. These systems enabled loans and borrowing from interest-based banks, creating further dilemmas.

The majority of Muslims in Indonesia expressed doubts about participating in these companies with many considering divesting the shares in capital markets. Consequently, ownership of these companies often rested with ordinary individuals serving as the economic backbone. Examples existed of shares issued by individuals adhering to Islamic law, untainted by investment practices influenced by brokers. In these cases, the objective was to implement reforms and correlate investment systems with Islamic principles, aiming to transform the capital market in accordance with Sharia law for both the present and the future.

4.1.3. Legality of Electronic-based Trading Transactions

The contemporary era was characterized by rapid and continuous development with new advancements evolving daily. To navigate this landscape responsibly, it was essential to clarify the Sharia rulings on these advancements. This method ensured that engagement with the developments correlated with Islamic principles, avoiding potential embarrassment or offense. The advent of modern electronic means of contracting had a profound impact on the commercial transaction market. These methods became indispensable tools widely adopted to facilitate many contractual procedures with speed, accuracy, and security. Contracts could be concluded within seconds or minutes, a process that previously required significantly more time [17].

This section aimed to explain the mechanisms used in electronic transactions, allowing for a comprehensive visualization of transactions, including related procedures and legal implications. Technical aspects of contracts were discussed alongside analyses of the Sharia rulings related to these mechanisms. Under technical provisions that guaranteed the integrity of information, electronic transactions, e-commerce contracts, and the associated data documented in electronic records were considered admissible as evidence in legal proceedings. This was particularly significant for resolving disputes between transacting parties, as electronic records served as valid evidence. From the evidence, it could be concluded that electronic commerce when practiced within the limits set by Islamic law was permissible and correlated with human nature—satisfaction derived from ownership and seeking benefits [18].

In Islamic doctrine, trade was recognized as a legitimate activity as indicated by the teachings of the Qur'an, Sunnah, and principles governing direct and indirect trade transactions. This legitimacy extended to all forms of trade, including electronic commerce. The difference between traditional trade and electronic commerce lay primarily in the terms and conditions of sale and purchase (*syuruth fi al-bay'i wa al-syira'*) outlined in Islamic Fiqh. Electronic commerce was subject to the general provisions governing contracts and transactions in Islamic law. Furthermore, the objectives and benefits expected from electronic commerce such as earning money, saving time and effort, as well as lowering prices correlated with the permissible Sharia principles.

4.1.4. Legality of Halal Tourism Institutionalization

The halal business and trade sector has evolved into an increasingly complex issue in formulating the application of Islamic Fiqh in the modern era. Decisions based on the arguments and opinions of classical Islamic Fiqh are often incomplete, except for the theories or general rules developed during the classical Islamic Fiqh era, which emphasized adaptability to evolving times and changing conditions. For instance, modern Islamic law's main pillar, particularly the principles for establishing the legality of the halal tourism industry, is determined according to Islamic Fiqh. Determining Islamic law's principles for qualifying tourist attractions requires consideration of Sharia guidelines. Tourist locations must comply with qualifications that uphold Sharia principles and ethics, including freedom from sinful activities, maintaining health and safety, protecting human privacy rights, and ensuring adherence to Islamic ethics to provide both physical and spiritual satisfaction.

Classical Islamic Fiqh as formulated by the *Ulama*, placed legal reasoning as a foundational pillar but limited the scope to Sharia's general mechanisms. Jurists emphasized that legal compliance regarding tourism permissibility was derived from laws permitting individuals to combine prayer times or postpone fasting during travel. These allowances were valid as long as the travel's purpose was lawful and did not include sinful activities such as robbery, attempted murder, or obstructing others with harmful intentions. Modern Islamic scholars and jurists built upon these foundational pillars to decide the permissibility and legality of tourism institutions. The rulings ensured that halal tourist attractions were safeguarded from sin, prioritized health and safety as well as avoiding harm to ecotourism, tourists, and the social environment of the tourist area.

The concept of Sharia tourism was considered an actualization of an Islamic lifestyle that integrated two key parameters namely adherence to halal values and avoidance of haram. All aspects and stages of tourism activities were required to comply with the halal certification process, regulated as a government-controlled guideline. Sharia tourism was interpreted as an activity rooted in worship and *da'wah* for Muslim tourists, allowing the individuals to admire creation while fulfilling obligations and avoiding prohibitions set by Allah SWT.

4.1.5. Legality of the Halal Food Industry

The processed food industry and trade transactions standardized by halal law, such as types of products assumed to be harmful to medium- or long-term health, were evaluated based on the product's consumption period and the legal principles concerning the benefits. Modern Islamic Fiqh experts were required to determine and provide certainty regarding the legal standards for halalizing processed products, particularly concerning the period of product circulation and the laws governing basic ingredients that could not ensure health for a specified duration. This issue applied to various processed products, especially food and drugs. Although it was addressed in classical Islamic Fiqh, the scope remained limited to the industrial developments of the respective periods.

Classical Islamic Fiqh scholars interpreted Sharia according to the conditions of the time, establishing a legal logic format that modern Islamic Fiqh uses to ensure compliance with contemporary Islamic law correlating with Sharia principles. The foundational laws in classical Islamic Fiqh specify that the halal status of processed products is determined by adherence to Sharia principles, requiring food to be free from impure elements. Furthermore, raw materials must be devoid of components harmful to mental and physical health (*khamr*), and the production processes, such as fermentation or other transformations, must not produce harmful substances. The complexity of processed products grew in tandem with evolving community consumption patterns. This drove the industrialization of food, drugs, and other processed goods. Modern Islamic Fiqh experts, therefore, stipulate that the halal status of food and drugs is determined based on raw materials and distribution periods, ensuring adherence to Sharia principles established by classical Islamic Fiqh, including the management of substance changes in processed products.

Additionally, the increasing complexity and prevalence of modern financial service product transactions necessitated greater certainty from Islamic Fiqh to determine the legality of each product and the compliance with Islamic principles. Classical Islamic Fiqh provided legal evidence for financial services and transactions, including prohibitions against *gharar* (excessive uncertainty) and *usury* (interest). However, standard legal parameters or comprehensive evidence for modern financial products were not fully developed. For instance, many financial products such as derivatives in insurance, capital market-based investment instruments, and multilateral company mechanisms required validation under Islamic Fiqh. The validation of these products was necessary to confirm compliance with Islamic law and to prevent violations of Islamic Fiqh rulings concerning modern financial products.

The economy and industry represented significant manifestations of changes imposed by the modern state on the life system. Financial institutions, business enterprises, and industries occupied a central role in the traditional economic systems that structured everyday life. Numerous issues fell under the broader topics of economics, business, and the halal industry, prompting contemporary Islamic jurists to adapt Islamic Fiqh provisions to address these challenges. As with all areas of life undergoing radical transformations, the evolving nature of Islamic Fiqh raised new questions for Islamic jurists. It became necessary to discuss the foundational pillars for resolving issues related to financial and trade transactions and the creative

economy. Examples included the sale of debt instruments, capital investments in joint stocks, electronic trade, commodity pricing, halal tourism institutionalization, and the halal/processed food industry.

5. Discussion

The lack of consistent legal standards for validating financial products and transactions can lead to non-compliance with Islamic Sharia principles in contemporary Islamic law instruments. This emphasizes the need for modern Islamic law to address the challenges and ensure that modern Islamic law products comply with Islamic Sharia principles and promote the practice of Islamic business and financial institutions. Islamic business and financial institutions are essential in a sustainable economy, but also present significant challenges. Therefore, Islamic jurists are tasked with adapting Islamic law to these sectors. Given the significant changes in all aspects of life, many issues evolve in Islamic law. This prompts the study to focus on two key aspects, namely transactions in the business economy and commercial financial contracts. For instance, the sale of goods with unknown origins is prohibited, and borrowers are considered more responsible than lessees. Similarly, individuals who use funds for personal gain are viewed as bearing greater accountability than those entrusted with money for another's benefit.

The foundational framework of modern Islamic law follows the principle of establishing legal standards, requiring the validation of the Islamic or halal financial industry based on Islamic Fiqh. Determining the pillars of Islamic law for legalizing commercial and financial transactions remains a key focus. The challenges in contemporary Islamic business and financial law often originate from the need to adapt classical Islamic texts and doctrines developed by scholars such as Abu Hanifah, Ash-Shafi'i, Al-Maliki, Ibn Hanbal, and modern reformers to current financial transactions while maintaining Sharia compliance.

The principles governing life in the natural, national, and broader societal order remain unchanged, offering a stable framework within which events unfold and consequences arise. These principles are formalized through legislation enacted by institutions established for societal welfare. Legislative assemblies and processes represent a system that is unchanging and stable. Those aiming to succeed within this framework are expected to investigate the origins, correlate the actions with it, and structure their lives accordingly.

5.1. Legality of Buying and Selling Debt Financial Instruments

Classical Islamic law jurists interpret debt from two perspectives. First, Ibn Abidin defines debt as an obligation established through evidence, comprising financial liabilities, compensation, damages, and loans. These obligations arise through contractual agreements, consumption, or loans [19]. The majority of scholars from the Shafi'i, Maliki, and Hanbali schools describe debt as money confirmed to be owed based on evidence, including financial obligations that may be exchanged for assets or benefits [20].

Zakaria Al-Ansari [21] jurist, provides rational evidence on the issue of buying and selling debt instruments. Al-Anshari argues that exchanging debt for debt between a lender and debtor, as well as selling debt to third parties is permissible under certain conditions. For example, selling debt to avoid *usury*, such as exchanging *dirhams* for *dinars* is allowed. The results showed that exchanging debts is permissible in specific scenarios, selling debts to third parties is accepted, and selling debts to others is permitted under Sharia law to prevent *usury* [21].

The sale of debt instruments is regarded as a financial right, similar to the sale or transfer of other financial rights for monetary compensation. Debt, as a financial right, can be sold at a fair price determined by the seller. When the sale of other rights, such as ownership of property is permissible, then the sale of debt is considered allowable as well. However, some jurists hold that selling debt to non-debtors for trading purposes is not permitted. On the other hand, scholars from the Shafi'i and Maliki schools allow the sale of debt to third parties. A distinction is made between debts originating from sales and those arising from contracts. The sale of debt originating from a sale does not imply that the seller transfers any part of the profit earned in the original transaction to the buyer. Furthermore, the sales do not guarantee that the buyer of the debt will profit through *usury*.

5.2. Legality of Capital Investment in Joint Stock

In the principles of Sharia contracts and transactions, capital investment in a joint stock company is generally permissible unless specific reasons or evidence suggest otherwise. The existence of contractual provisions in a company does not negate Sharia compliance but ensures adherence to Sharia principles for each share. It is prohibited to buy shares in companies engaged in activities considered haram such as producing alcohol or non-halal food, as well as interest banking [22]. Similarly, trading in shares of companies that initially adhered to Sharia principles but later engaged in *usury* or corrupt contracts is also disallowed. When a mix of permissible and prohibited activities exists, the exception principle is applied as a preventive measure.

Islamic law forbids investments in companies or banks involved in interest-based transactions, even when the core activities are considered halal. Consequently, purchasing shares or investing funds in these entities is discouraged. The principles of Islamic financial transactions strictly prohibit relationships involving *usury*, regardless of the legality of the company's primary business activities. Investments in companies engaging in haram activities, including *usury*, remain impermissible. The overarching objective is to avoid interest-based transactions while upholding the financial investment principles outlined in Islamic law. The Indonesian market for Sharia-compliant stocks continues to evolve. However, entities such as BCA Syariah, Bank Mega Syariah, Bank CIMB Niaga Syariah, Danamon Syariah, and several non-bank financial institutions do not fully adhere to Sharia investment and capital principles.

5.3. Legality of Electronic-based Trading Transactions

Islamic teachings regard trade as a legitimate activity with legitimacy rooted in sources such as the *Qur'an*, *Sunnah*, *Ijma'* (consensus), and *Qiyas* (rational analogy). This legitimacy extends to electronic trading transactions through *Qiyas*. Although the regulation of electronic trading transactions may differ from traditional trading, the aspect remains subject to the general provisions of Islamic law, particularly in financial exchange transactions [23]. For electronic-based trading to be legitimate in Islam, it should meet specific legal requirements and controls, including mechanisms to prevent ignorance, fraud, and misleading advertising. When these conditions are satisfied, electronic trading transactions are considered legitimate. In Indonesia, several platforms currently facilitate electronic or internet-based buying and selling transactions.

Four types of contract instruments are used in commodity trading in the modeled market. The first type includes the direct sale of goods with delivery made immediately or through a representative, and payment received directly, which is further legalized under Islamic law. The second type is also direct sale and immediate payment but includes a guaranteed market trust mechanism, which is further permissible under Sharia. The third type includes delivery of goods in the future with payment made upon delivery. The contract concludes with the delivery and acceptance of the goods. Initially, this type was not allowed due to delayed delivery but was later modified to meet the requirements of the "salam" sales model. The fourth type also includes future delivery and post-delivery payment but does not require the contract to conclude with delivery and acceptance [24].

The establishment of Islamic law for electronic transactions is contingent on fulfilling specific conditions. First, the goods sold should be permissible according to Islamic law. This includes prohibiting the sale of haram items, goods banned by government regulations, hazardous items, and goods that facilitate sinful activities, such as online gambling or illegal goods. Second, the sale should not occur before the seller has possession of the goods. Verification of a product's existence is insufficient as sellers should indicate that listings are not sales, as potential buyers may make commitments and later cancel. Sellers are allowed to set conditions for a specified period, enabling them to address buyer inquiries. When a buyer decides to cancel the purchase, the goods should be returned to the seller.

5.4. Legality of Institutionalizing Halal Tourism

Tourism serves as one of the most significant sources of economic growth and prosperity, offering cost-effective outcomes. It is important to promote public awareness of the economic value. The *Qur'an* references tourism using terms such as traveling, walking, and journeys in search of knowledge. Tourism also fulfills religious purposes as the *Qur'an* outlines travelers who explore various lands to visit monuments and gain advice, knowledge, emotional reverence, and spiritual benefits that strengthen belief in *Khalik* (The Creator).

Tourism plays a crucial role in driving global economic growth, particularly in developing countries. Additionally, it contributes to infrastructure development, influenced by global traveler preferences, rising environmental awareness, and technological advancements. Factors such as increased leisure time, urbanization, paid vacations, and societal trends have driven tourism industry growth. The expansion of the middle class, rapid technological innovation, and aggressive promotion have further accelerated the sector's evolution. Significantly, tourism remains essential for economic development and shaping how individuals travel and experience destinations.

This foundation establishes the legitimacy of tourism law and the associated legal considerations. Implementing and managing tourism laws should correlate with society's complex social needs. To legitimize halal tourism, it is necessary to refer to religious texts and the contextualized opinions of Islamic jurists based on those texts. These texts propose that tourism correlates with worship and can be conceptualized as a form of "jihad," a term used in the language of Prophet Muhammad. Determining the legality of tourism should include assessing how the Prophet connected legitimate and recommended tourism practices with tourism's overarching noble objectives.

The Prophet's Hadith prohibits promoting religious tourism to locations other than the three specified mosques. This prohibition extends to visiting tombs, temples, and other religious sites, which are deemed practices of polytheism and sinful. Sharia strictly regulates reverence for holy places, emphasizing worship in three mosques, namely the al-Haram Mosque (Mecca), the Nabawi Mosque (Medina), and the Baitul Maqdis Mosque (Palestine). However, some Islamic law experts interpret the Prophet's Hadith as a basis for legalizing visits to other tourist attractions outside these three cities for purposes other than worship.

Khalid Jasim al-Huli [25] argued in his article that the tourism industry had significant potential to enhance domestic tourism. Al-Mashouh asserted that travel agents and tourism companies could promote programs motivating individuals to travel locally. From a legal perspective, most *fatwas* issued by scholars have prohibited travel for tourism citing the potential to harm family structures and the legal complexities it poses. However, the study of Islamic law shows a more nuanced view and offers insights as well as solutions for addressing these challenges [26].

Imam Ahmad opines that tourism is not an Islamic teaching and was not practiced by the Prophet. Ahmad cites a hadith stating that there is no '*khurram*' (pleasure) or '*zima*' (recreation) during travel. However, Sharia's concept of tourism depends on the intended purpose. Travel can be a means to gain knowledge, study past civilizations, or explore the universe, supported by Quranic verses motivating observation of the earth. The Quran also recognizes tourism for commercial purposes, urging individuals to seek Allah's pleasure through effort and work. Furthermore, there are forms of worship-related tourism such as Hajj, Umrah, jihad, seeking knowledge, and teaching. Although Imam Ahmad disapproved of tourism, Sharia acknowledges the legitimacy when correlated with noble intentions and purposes [27].

5.5. Legality of Halal Food Industry.

Globally enforced halal standards aim to establish legal requirements for halal food products, ensuring compliance with Islamic Sharia principles. These standards safeguard the integrity and quality of halal food products in international trade. They also comprise various stages in the food chain, including recording, selecting, preparing, processing, packaging, labeling, monitoring, handling, transporting, distributing, storing, and serving halal food. The primary goal is to protect consumers by ensuring food safety and quality while preventing fraud in halal product purchases. Additionally, these standards serve as a global reference for countries engaged in the halal food trade, facilitating international commerce in halal products.

Islamic law defines the halal standard as a guideline for determining what is permissible according to Sharia. The term "halal" refers to everything permitted or allowable under Islamic law. Conversely, the non-halal (haram) standard outlines what is impermissible to use, touch, or consume. This legal framework is derived from the Qur'an and the Sunnah of the Prophet Muhammad. In the context of halal product legislation, halal food refers to consumables allowed under Islamic law and meeting the prescribed requirements.

The production of halal processed consumer goods is crucial for aligning food production with Islamic law. Adhering to good hygienic practices is fundamental, including measures at every stage of the food chain to ensure safety for human consumption. These practices maintain sanitary and hygienic conditions during the production, storage, and distribution of food. The study underscores the necessity of upholding the principles of nutritious, hygienic, and clean food products, ensuring safety throughout the production process. For instance, particular attention should be paid to vegetables potentially containing genetically modified organisms or by-products [27].

6. Conclusion

In conclusion, numerous examples in modern Islamic law were studied to elucidate the operational mechanisms of contemporary Islamic law's main frameworks. This study specifically selected certain examples as the focus, given that contemporary legal events and issues often served as complex cases of relocation in the modern world. To simplify the material and discussion, the study focused on the most critical aspects of Islamic law, ensuring the topics addressed were comprehensive and correlated with the objectives and considerations.

The examples examined led to two fundamental conclusions. First, jurists often held preconceived notions that influenced the methods of the issues under discussion. It was evident that the law required adaptation to meet the demands of the modern era. This was indicated by the reinterpretation of existing rules and the incorporation of contradictions identified in the studied examples. Second, the pressures of modernity necessitated that Islamic Fiqh adapt and seek legitimacy within its principles and rules.

The implementation of modern Islamic economic law had significant consequences, particularly the erosion of coherence within the Islamic law system. This led to a decline in the system's logical consistency and its ability to withstand the challenges of different eras, rendering its position in society problematic. Contemporary Islamic jurists faced a challenging situation, often found in a closed circle. The demands and trends of the modern world conflicted with Islamic values, as evidenced throughout the classical Islamic Fiqh system. This conflict of values posed a significant challenge to those attempting to reconcile the two. The incompatibility between modern world demands and Islamic values was apparent in various Fiqhs and the broader Islamic Fiqh system.

The issue of Islamic economic law presents significant challenges for the Indonesian Muslim community, particularly given the prevalence of interest-based lending practices among financial institutions, which raise critical legal and ethical concerns for Muslim investors. The importance of revitalizing Islamic economic law through recreational activities has become widely recognized, although early scholars often did not share this view. Islamic tourism is considered a form of worship and a means for Muslim tourists to strengthen their faith in Allah while fulfilling religious obligations. Furthermore, Islamic law guidelines for halal products extend beyond religious boundaries to include clear instructions regarding what is prohibited and what is tolerated. Prohibition-based guidelines reflect the rejection of certain practices based on principles, irrespective of their legality. The concept of *'illah hukum* (the absorption of legal reasoning) plays a significant role in classical Islamic law and remains highly relevant in addressing cases of modern economic law. Contemporary Islamic jurists regard this concept as important.

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